

This letter discusses sales for resale. See 86 Ill. Adm. 130.210. (This is a GIL.)

November 8, 2004

Dear Xxxxx:

This letter is in response to your letter dated November 21, 2003, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

ABC provides a complete solution for financial transactions that require the determination, calculation, and reporting of U.S. sales and use tax. The ABC system automatically determines sales and use tax for all state, county, city, transit or special district taxes associated with a given address. ABC also provides product taxability. ABC determines whether particular products are taxable or exempt, and customers map their products to our product listing.

We are seeking guidance on the taxability of raw materials. Our specific product taxability questions are detailed below. It would be helpful to us if you indicate any statutes or authorities you use.

Question:

Are raw materials sold to manufacturers that become an integral or component part of the end product subject to sales or use tax in Illinois?

Thank you for your assistance in this matter.

DEPARTMENT'S RESPONSE:

You requested information regarding sales tax on raw materials sold to manufacturers that become an integral or component part of the end product. These transactions are governed by the Department's administrative rule concerning "Sales of Tangible Personal Property to Purchasers for Resale" found at 86 Ill. Adm. Code 130.210.

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Sincerely,

Samuel J. Moore
Associate Counsel

SJM:msk